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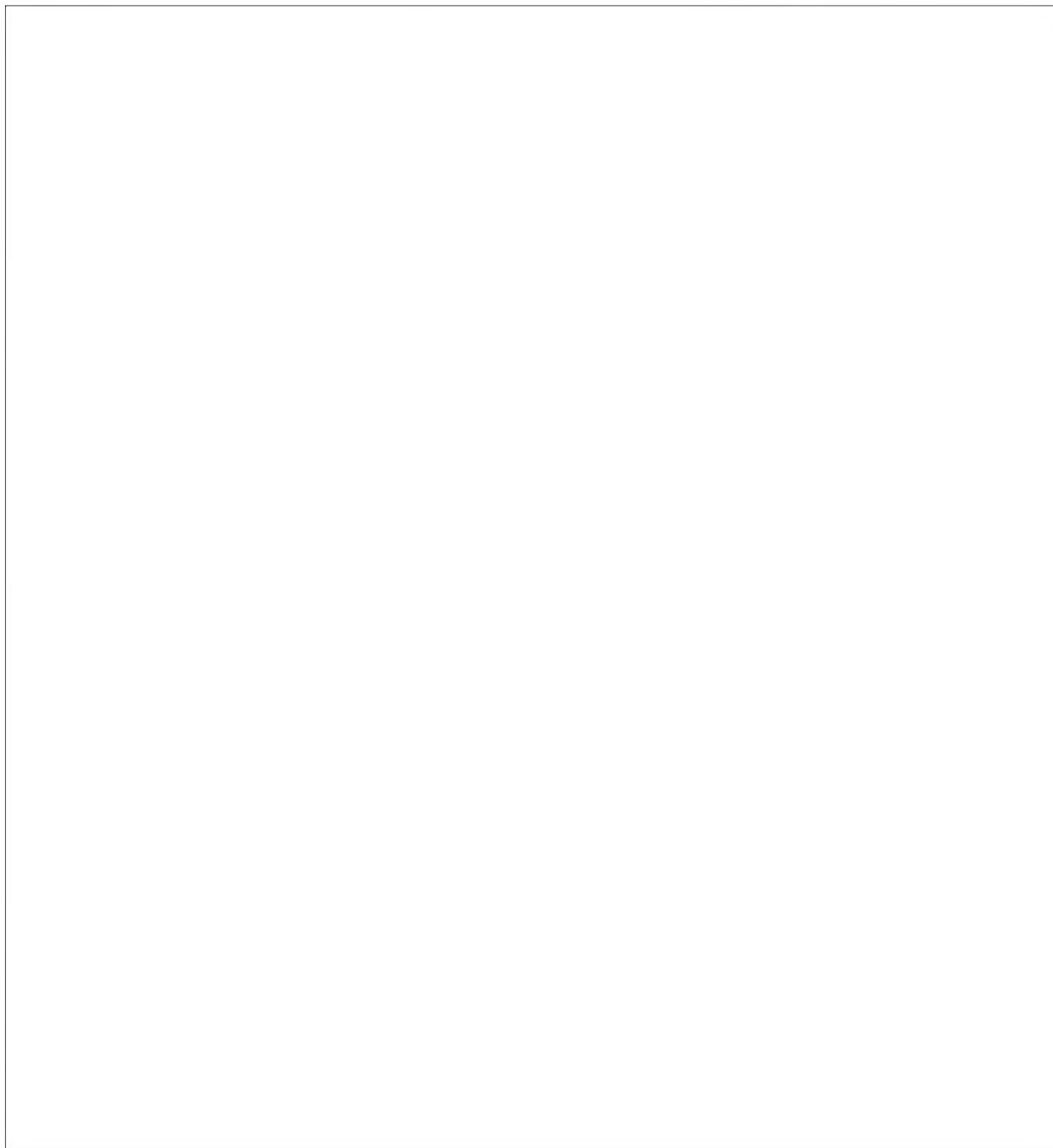
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THAILAND-US:

**Embargo Strains Relations**

***A US embargo on imports of Thai apparel for the rest of this year—which almost certainly will compound Bangkok's economic difficulties—has renewed Thai resentment over bilateral trade issues and is prompting calls for retaliation against US interests.***

Three thousand textile workers marched in front of the US Embassy in Bangkok on Friday to protest the embargo. Layoffs of textile workers—likely to reach at least 50,000—have begun, following Bangkok's decision earlier this month to accept the halt in garment exports to the US rather than face reduced quotas under a new trade agreement. Thai shipments already have reached the US quota for 1985.

**Comment:** From Bangkok's perspective, the embargo is one more instance of US insensitivity to Thailand's economic difficulties in an increasing number of bilateral trade disputes. Exports this year are expected to decline by 2 percent from \$7.3 billion in 1984, and the cutoff of apparel shipments to the US—3 percent of Thailand's total export earnings—is likely to add to Bangkok's foreign debt management problems.

Moreover, the embargo probably will hamper Prime Minister Prem's efforts to rebuild his political standing, which was shaken by last month's unsuccessful coup. Prem needs to justify the continued support of his backers, and his soft response to Washington's trade actions against Thai exports may make that difficult. He also is likely to face increased pressure from members of the opposition Thai Nation Party, which has an interest in the Thai textile industry.

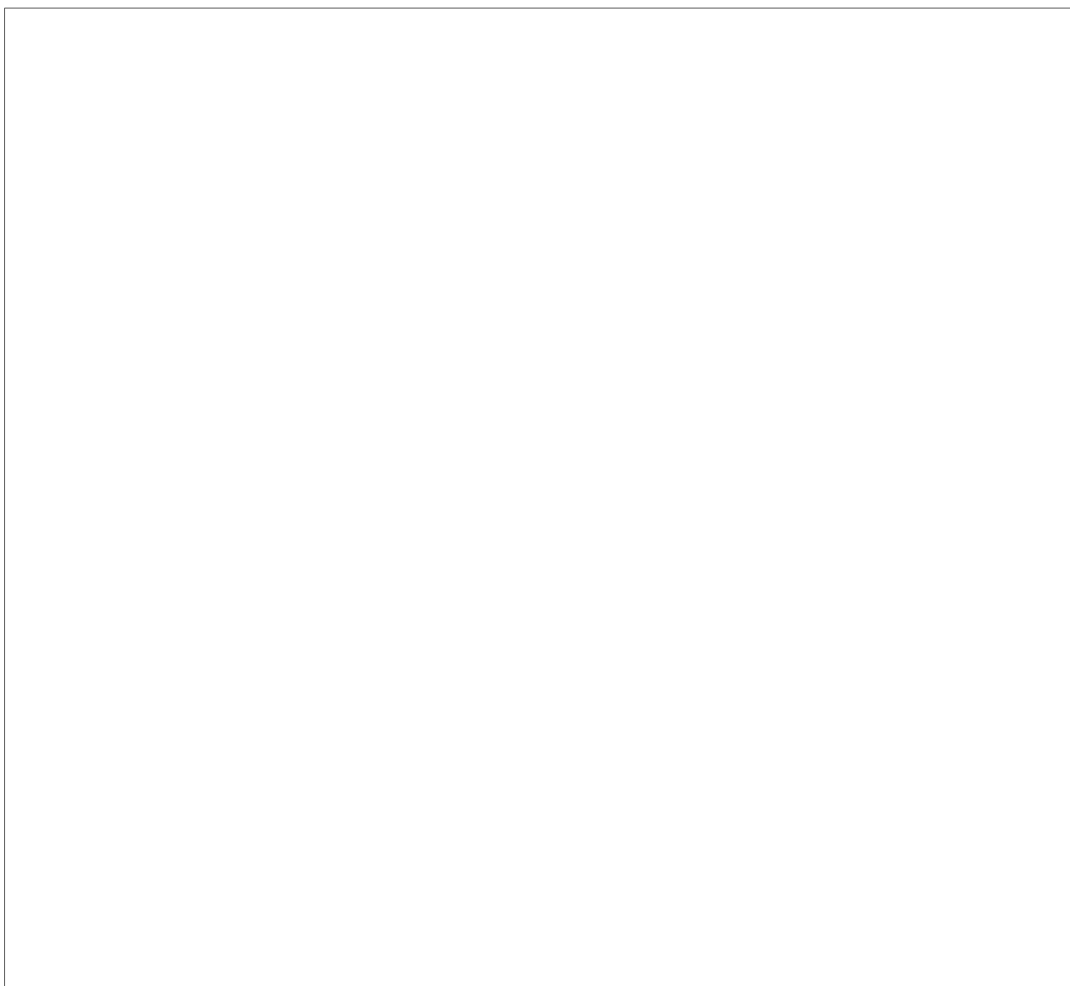
Although Prem probably will not sanction harsh measures against the US, continued trade tension with Washington could leave Prem little alternative but to endorse some form of retaliatory action. The most likely action is a cutback on imports of US agricultural products or reduced Thai support on narcotics suppression and refugee issues.

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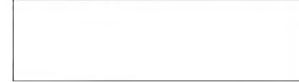
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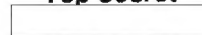
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#### **SOUTH KOREA-US: Prime Minister's Mission**

Prime Minister Lho's visit to Washington this week comes amid growing acrimony over recent US actions against South Korean trade practices. Seoul is nervous that the issuance of visas to three North Korean academics signals a shift in US policy toward P'yongyang; one senior adviser to President Chun has expressed concern [redacted] over statements on South Korean domestic developments that suggest Washington is seeking to distance itself from the Chun government. [redacted]

**Comment:** Lho is likely to try to persuade US officials and members of Congress that restrictions on Korean textiles and other imports would create widespread economic hardship, raising the potential for political instability. Lho may also ask US officials not to take further steps that North Korea could misread as evidence that Washington is reconsidering its opposition to direct contacts with P'yongyang. In private talks, Lho may contend that public US rebukes regarding human rights and other political issues play into the hands of hardliners on both sides and undermine the influence of moderates. [redacted]

#### **CHINA-USSR: [redacted] Account of Recent Talks**

Both China and the USSR modified their tactics during the recently concluded seventh round of vice-ministerial talks, but made no progress on the security issues dividing them. [redacted] the Chinese [redacted] presented a proposal for the normalization of relations that calls for the Soviets to recognize the five principles of peaceful coexistence and to eliminate the "three obstacles." The Soviets criticized US disarmament proposals and charged that the US threatens security in the Asia-Pacific region. Beijing rejected Moscow's proposal to hold further discussions on their common opposition to SDI, saying that China does not accept the Soviet position on the issue. [redacted]

**Comment:** China's proposal counters longstanding Soviet efforts toward a joint statement of principles that Moscow wants to replace the lapsed Sino-Soviet treaty. By incorporating the "three obstacles" in the drafts, the Chinese are trying to prevent the Soviets from shifting the focus of the talks to areas tangential to Chinese interests. Nevertheless, Moscow may try to portray the expanded scope of the talks as evidence of common anti-US positions as well as continued warming in Sino-Soviet relations. [redacted]

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#### COLOMBIA: Marijuana Production Down

Colombia's marijuana crop for 1985 will be smaller than it has been for several years. Analysis of [ ] major growing areas in northeastern Colombia last July indicates that marijuana production could be as low as 1,200 tons, an 85-percent reduction from an estimated 8,200 tons in 1983. The survey also shows that the total area of marijuana cultivation is about 17,500 acres (7,000 hectares) smaller than in 1983. [ ]

**Comment:** An aerial eradication program conducted since May 1984 by the Colombian National Police is the primary reason for the decrease. [ ] Colombia has accounted for about 50 to 70 percent of marijuana imports reaching the US in recent years. The quantity reaching the US market in the next six months, however, will be greatly reduced. Traffickers may try to regain the Initiative by moving operations to new areas, and Bogota's success would be short lived if spraying and interdiction ceased. [ ]

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**IRAN-CZECHOSLOVAKIA: Talks on T-72 Tank Sale**

Iran and Czechoslovakia have agreed to discuss a possible sale of T-72 tanks, but the Soviets may block the deal. An Iranian delegation is to visit Prague to discuss the details. Prague made an offer of armored personnel carriers earlier this year but abruptly broke off discussions with the Iranians, presumably after both the Iraqis and the Soviets objected. [REDACTED]

**Comment:** There is no indication that Moscow has changed its earlier position, and, in any case, the Czechoslovaks would not want to anger Iraq. The Czechoslovaks would like to earn more hard currency in the Iranian market, and Prague might be holding out the possibility of tank sales to get Iran to discuss other purchases. [REDACTED]

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#### FRANCE-CHINA: Proposed Remote-Sensing Satellite

France recently proposed a cooperative remote-sensing satellite project with China. The satellite would have a multispectral scanner with a resolution of 30 meters; it would use a French satellite carrier that may not be available until 1989.

**Comment:** The Chinese have been seeking advanced Western space technology, and the resolution would be a big improvement over existing Chinese technology. They may accept the French offer if they see a chance to gain access to French space technology and to gain experience in processing 30-meter remote-sensing data for geological and agricultural research. The multispectral scanner would have near-infrared capability and would have a ground resolution comparable to the US Landsat 5 thematic mapper, but less than that of the French SPOT imaging system. Because the proposed satellite would not have data recorders or a satellite data relay but would operate only in view of a ground station, it would not be commercially competitive with the French SPOT remote-sensing satellite.

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### In Brief

#### Middle East

- **Jordan's** King Hussein was in Baghdad Saturday for talks with **Iraqi** President Husayn ... probably reviewed state of play in **Saudi-promoted Syrian-Jordanian** reconciliation dialogue ... probably also discussed latest dealings with Arafat.
- Foreign Ministers of the six Gulf Cooperation Council member states met yesterday in **Oman** ... completed preparations for GCC summit opening there next Sunday ... probably reviewed effect of Oman's decision to establish relations with **USSR**.

#### Americas

- **Salvadoran** Colonel Avalos, former head of presidential military staff, kidnaped Saturday ... presumably work of FMLN ... probably intended to keep government off balance and dramatize leftist hostility to Air Force counterinsurgency.
- Pro-US United **Bermuda** Party probably will increase slightly legislative majority in national election tomorrow ... opposition leaders privately concede defeat ... no major changes expected in domestic or foreign policy in near future.

#### Europe

- Head of **Polish** Church's political prisoner committee convinced new parliament will offer amnesty to political prisoners early next month ... regime says it holds 363 ... government spokesman implies not all will be released.

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**USSR**

- **Soviet** press announced that USSR Supreme Soviet to meet next month on 1986 plan and budget . . . may be preceded by Central Committee plenum . . . Gorbachev could use to review foreign policy and make changes in Politburo and Secretariat.

**Asia**

- Fire destroyed textile mill in Central Java, **Indonesia** . . . owned by President Soeharto's family . . . follows recent fires at two government buildings in Jakarta . . . similar incidents occurred last year when government restricted Islamic political activity.
- **Singapore** economy reportedly contracted by 2.7 percent in third quarter . . . business community now expects negative 4.5-percent growth rate for year, worst ever . . . likely to urge further tax concessions to boost competitiveness.

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## Highlights of the New Program

### Overview

- Revises Khrushchev's 1961 program, sets party's goals through 2000.
- Shorter and less specific than 1961 program, drops many targets for economic sectors.
- Adopts more cautious view of future, postponing the achievement of Communism from "immediate" to distant future and deleting projections for surpassing US.

### Domestic Goals

- Double volume of resources devoted to consumer sector by "as early as" 2000.
- Individual home or apartment for "practically every" family by 2000.
- Enshrines key elements of Gorbachev's agenda calling for decentralization of management, "considerable expansion" of powers of enterprises and local officials, and reduction of administrative apparatus.
- Stresses importance of heavy industry and calls for increased priority for machine building.

### Foreign Policy Provisions

- Sets primary foreign policy goal as creation of favorable climate to carry out domestic agenda.
- Calls for peaceful coexistence with West, while pledging to maintain military-strategic parity.
- Less sanguine than 1961 program about prospects for immediate collapse of capitalism.

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### Special Analysis

USSR:

#### Gorbachev's Blueprint for the Future

*The draft of the new Communist Party program released on Saturday provides General Secretary Gorbachev an expanded range of options in pursuing his domestic agenda. It takes a more sober view of Soviet prospects than the overly ambitious 1961 document it replaces but sets some ambitious goals in its own right.*

Nikita Khrushchev's 1961 program predicted that the USSR would surpass the US in terms of per capita production by 1970 and made unrealistic promises for improvement of living conditions. Although the new program is more cautious and less specific, it is optimistic about the future. It sets ambitious goals for the improvement of housing, consumer production, and the economy as a whole, and is bound to raise the expectations of the Soviet people.

The program is short on specifics on how these targets will be achieved, providing few details that go beyond the agenda set forth in public by Gorbachev since becoming party leader. It enshrines as party policy his goals of decentralizing economic management, shifting the role of central ministries toward long-term strategic planning, and increasing the priority of machine building.

At the same time, the program lays the groundwork for the possibility of more fundamental reforms:

- Without directly addressing the subject of market socialism, it provides the theoretical basis for expanding the role of the market by calling for an expansion of "commodity-money relations"—a measure that has been denounced by party conservatives as a return to capitalism.
- It leaves the door open for expanding the private sector by dropping passages from the 1961 program that call for the elimination of private farming, and it implicitly allows for nonsocialist forms of ownership.

The reduced prominence of foreign policy concerns in the draft program underscores Gorbachev's emphasis on domestic rebuilding. The sections on foreign and domestic policy are reversed from 1961, with the latter now coming first. Also indicative of current priorities is the opening statement in the foreign policy section that the main goal of the USSR in the international sphere is to "ensure favorable conditions" for domestic development.

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The program appears to reject conservative pressures for a more rigid policy toward Eastern Europe. The flexible approach to economic diversity within the Bloc that it exhibits could ease the way for the adoption in the USSR of economic reforms tried out there.

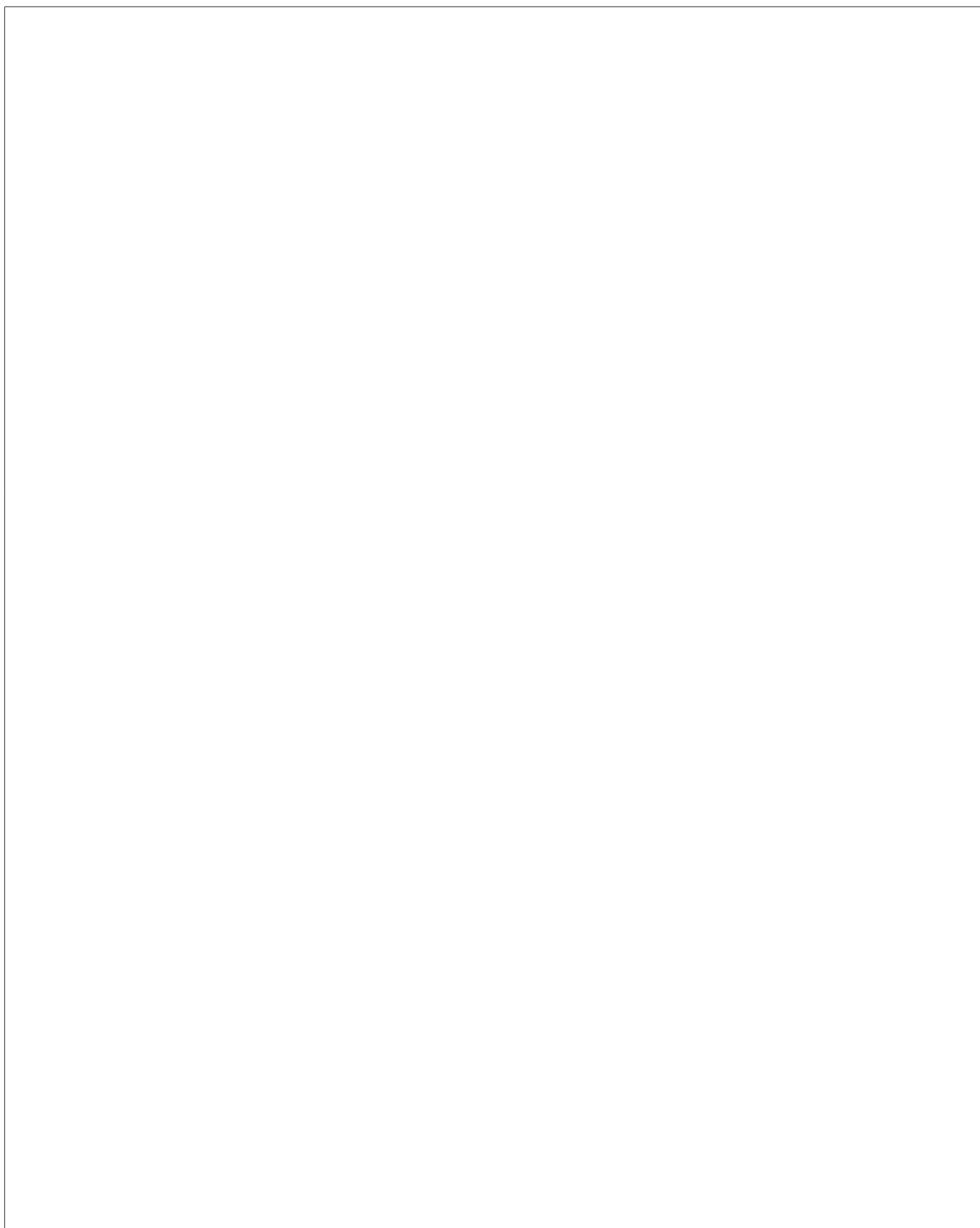
By endorsing a relatively positive view of market reforms and the private sector, the program appears to be a victory for Gorbachev over economic conservatives in the party. The provisions in the new program give advocates of reform ammunition to counter conservative objections that such measures would be ideologically unacceptable. Although the tentative terms in which these subjects are addressed do not amount to a clear endorsement for such reforms, they leave Gorbachev's options open should he decide to pursue them.

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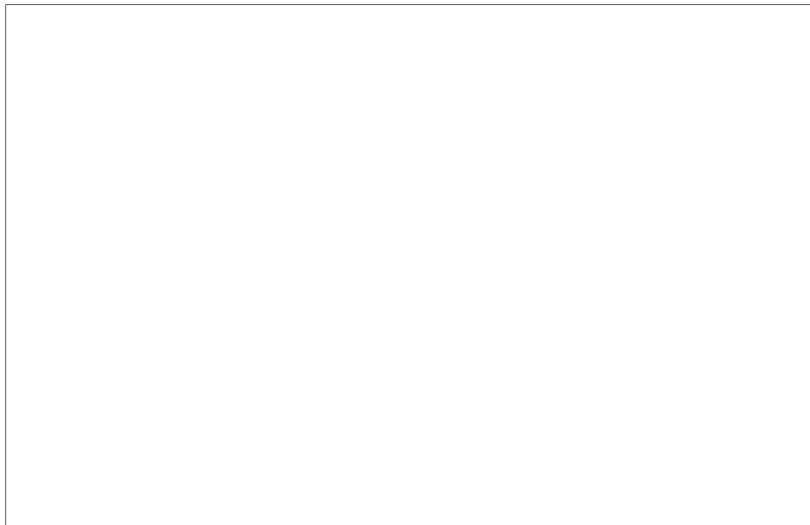


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### Special Analysis

JAMAICA:

#### Drug Industry Expanding

*The production and distribution of illegal drugs in Jamaica have evolved rapidly from fragmented, small-scale operations to a consolidated criminal enterprise increasingly difficult to control. Under steady US pressure, the Jamaican Government has taken steps since late 1984 to improve its counternarcotics procedures, but Kingston will have difficulty sustaining its efforts because its enforcement resources are limited.*

Until recently, independent subsistence farmers serving the domestic market were the mainstays of Jamaican marijuana production, but in the past few years production has increased sharply. US-sponsored aerial surveys since 1983 have revealed marijuana crops far exceeding domestic demand; most of the surplus has ended up on the US market.

#### An Industry in Transition

A relatively few large-scale growers with access to capital now dominate Jamaican marijuana production and have expanded quickly to meet new demand. These relatively sophisticated producers have moved into international trafficking. Several have developed distribution networks in the US retail market, and some also have begun trafficking in cocaine.

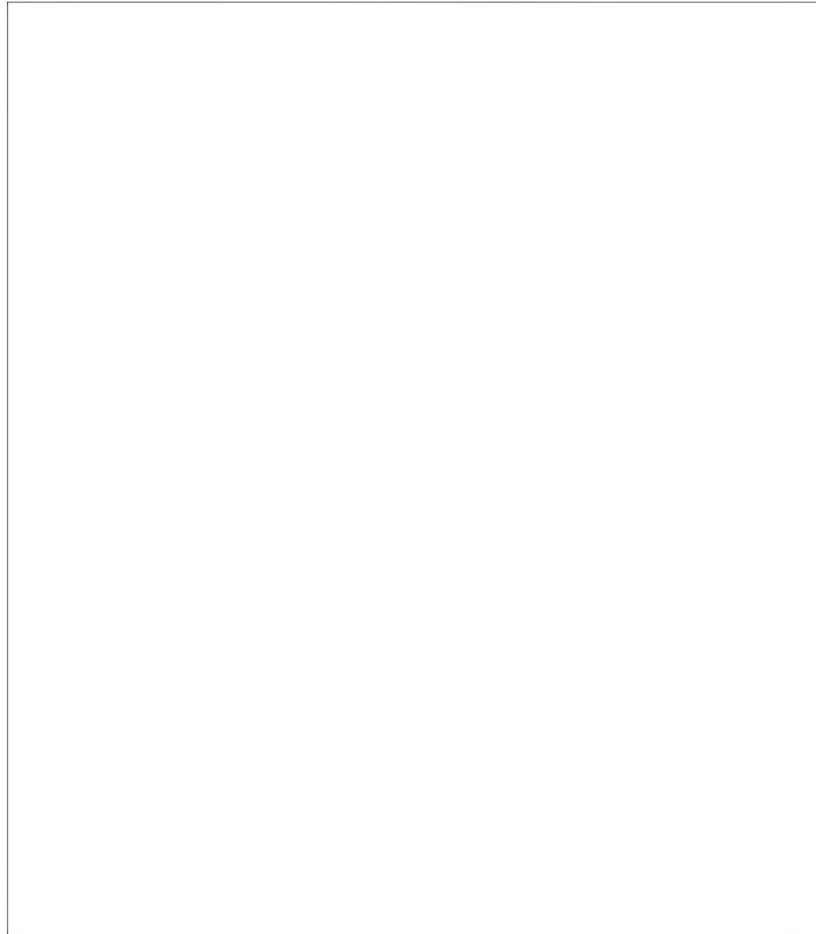
Growing drug abuse and domestic violence in Jamaica have accompanied these changes. Jamaican drug traders have been importing illegal weapons to protect their expanding operations, and Jamaica's development as a transit area for South American cocaine has stimulated the domestic market for the drug. With the rise of violence and drug abuse, many Jamaicans are changing their formerly tolerant attitude toward drug trafficking.

Since late 1984 the government has improved drug enforcement by increasing the pace of marijuana eradication and tightening control of Jamaica's many airfields. This approach may be in part an attempt to mollify US officials critical of Jamaican performance, but in large measure it probably reflects the shift in public attitudes and a growing realization that drug production and trafficking have gotten out of hand and threaten Jamaican interests.

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